GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3156
ANSWERED ON:07.12.2007
VOLATILITY IN THE STOCK MARKET
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Will the Minister of FINANCE be pleased to state:

(a) whether Government has assessed the reasons for fluctuations in share market these days;

(b) if so, the details thereof;

(c) whether making quoting of PAN compulsory in security transactions has not discouraged speculators; and

(d) if so, the action being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b); The volatility is inherent in stock markets. The volatility in securities market is a function of the perception of investors â€" domestic and overseas, retail and institutional about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, growth potential of the economy, corporate performance, domestic and international events, and market sentiments.The authorities normally do not react unless volatility is attributed to manipulation in the market. Exchanges have, however, been directed by SEBI to analyse steep falls and rise? In the market to d,Â£j#ct untoward patterns or skewed concentrations.

(c) and (d): SEBI has stipulated that PAN would be the sole identification number for all participants in the securities market, irrespective of the amount of transaction with effect from July 02, 2007. The objective of the said requirement is to strengthen the `Know Your Client (KYC) norms through a single identification number for all participants in the securities market thereby facilitating sound audit trail of all transactions.